



PG&E's 2006-2008 Energy Efficiency Programs

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PG&E Service Area

- 70,000 square miles in CA
- Number of customers served: 15 million
- Number of gas accounts: 4.1 million
- Number of electric accounts: 5.0 million





Portfolio Design

Customer Integrated DSM

- Challenges:
 - Ramp-up delivery of actual efficiency savings to unprecedented levels
 - Delivering all aspects of the resource loading order:
 - Efficiency, Demand Response, Renewables
- PG&E defines programs by customers/markets
 - Communicate in customers “language”
 - Present DSM options consistent with the resource loading order
 - Focus on Energy Efficiency



PG&E's Portfolio Delivery

Program Offering	Customers Served	Delivery Channel
Mass Market	Single Family, Multifamily, Small Commercial Customers	IOU, Third Parties, Partnerships
Targeted Markets	Medium and Large C&I	IOU, Third Parties, Partnerships
Education and Training	All Customers	IOU, Partnerships
Emerging Technologies	All Future Customers	IOU
Codes and Standards	All Customers	IOU
Statewide Marketing and Outreach	All Customers	IOU, Third Parties



2006-2008 Portfolio Goals

Year	MW	GWh	Therms (Millions)
	Forecast	Forecast	Forecast
2006	132	677	10.2
2007	223	1,125	17.9
2008	258	1,261	19.5
Total	613	3,063	47.6
CPUC 2008 Target	613	2,826	44.8

Goals include regular and low income energy efficiency



Portfolio Delivery by Channel (GWh)

Channels	MM	Ag	Schools	Retail	Heavy Ind.	High Tech	Medical	Large C&I	RNC	Lodging
PG&E	1401	67	34	16	165	24	57	94	11	14
Third Party (11 ongoing, 27 new)	123	97	8	110	310	10	11	20	3	23
Partner- ships (21)	204	-	86	-	1	10	-	105	-	-

Third Party and Partnerships selected areas of focus

Portfolio covers all markets

Portfolio success requires every channel succeeds



PG&E Third Party Solicitations

- CPUC objectives: "innovative and improved portfolio performance"
- PG&E sought bids across almost all markets
- Process:
 - Received 103 bids in all market sectors
 - Used internal and external evaluators to select winning proposals
 - PG&E selected 27 winning bidders in all market sectors
- Results:
 - Outcomes: 2.2 TRC; 2.73 cents/kWh levelized cost
 - PG&E PRG Report concluded PG&E process "fair and open" and supported PG&E's selections
 - Contracts now being finalized
- Upcoming solicitations: release mid-June 2006
 - Innovative
 - Integrated Demand-Side Management
 - Additional Targeted– to fill gaps in PG&E's existing portfolio



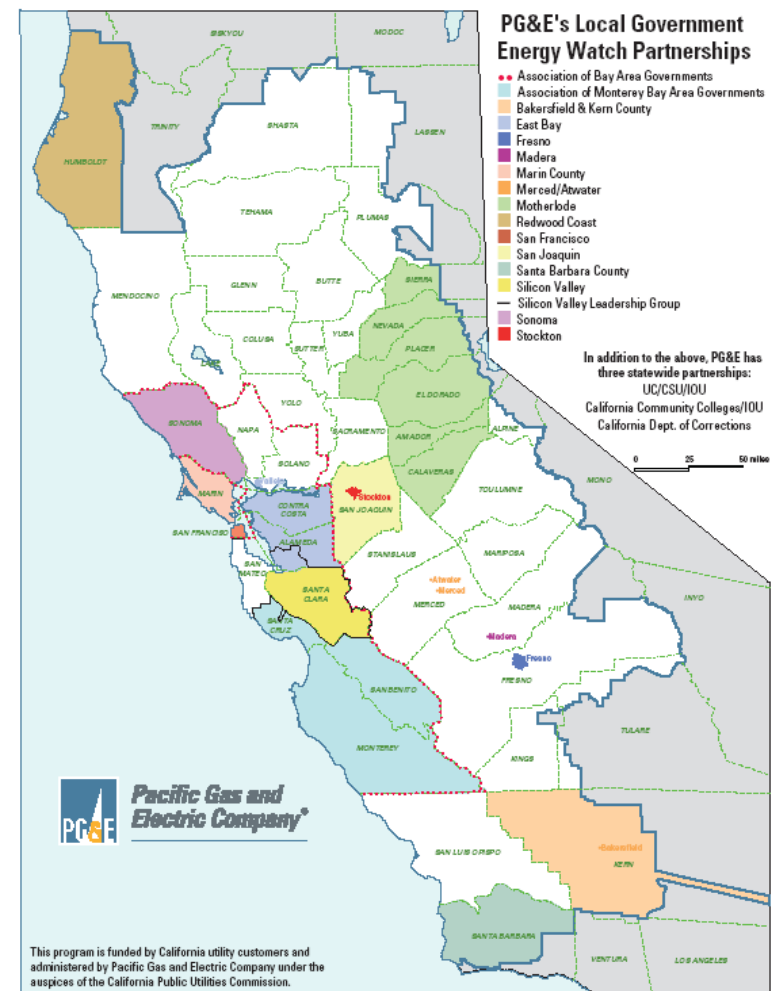
Statewide and Local Partnerships

- Diverse: public/private, institutions, counties, cities
- Number: 3 statewide, 18 local partnerships
- Total Budget: \$124 million currently allocated; up to \$170 million depending on performance during current program cycle
- Projected Impacts: 83 MW, 407 GWh and 6 million therms
- Cost Effectiveness:
 - TRC Ratio: 2.54
 - Levelized cost of \$0.034/kWh



Partnership Timeline

- February to May 2006
 - negotiate revised plans;
 - initial marketing and outreach funding to many partners;
 - turnkey direct install contracts signed for 2006;
 - contract negotiations
- April 17 – partnership compliance filing with CPUC
- May 26 – several contracts with PG&E's Purchasing department for transmittal to partners
- June – implementation activities start

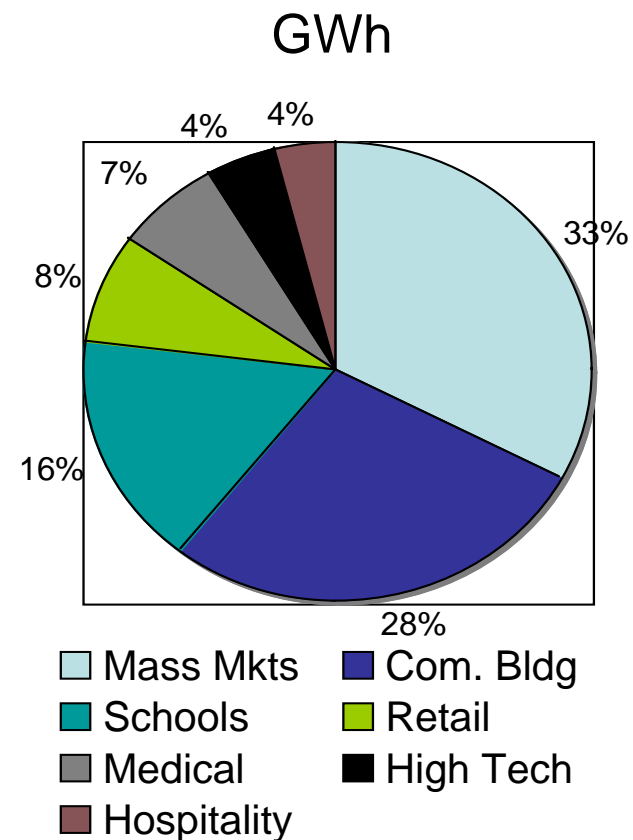




Green Building Initiative Support

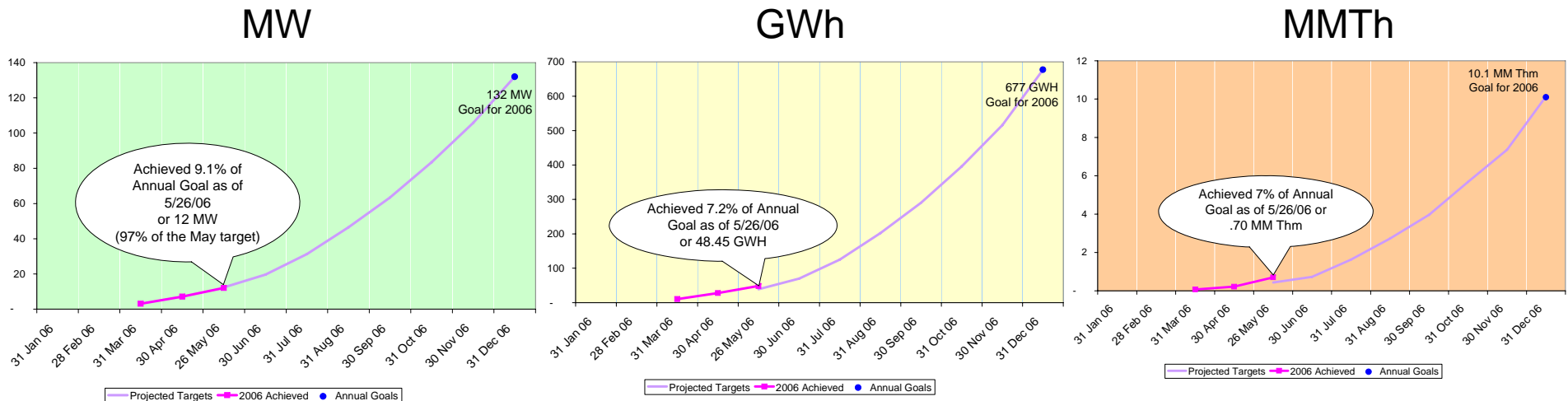
- PG&E is engaged with State and non-State Buildings through the GBI Initiative
 - Benchmarking (especially automated data transfer)
 - New construction: Building design, commissioning and rebate support
 - Existing buildings: Information services, retrocommissioning and rebate support
- Potential savings during 2006-2008 could total 790 GWh, 197 MW

Potential 2006-2008 GBI Savings



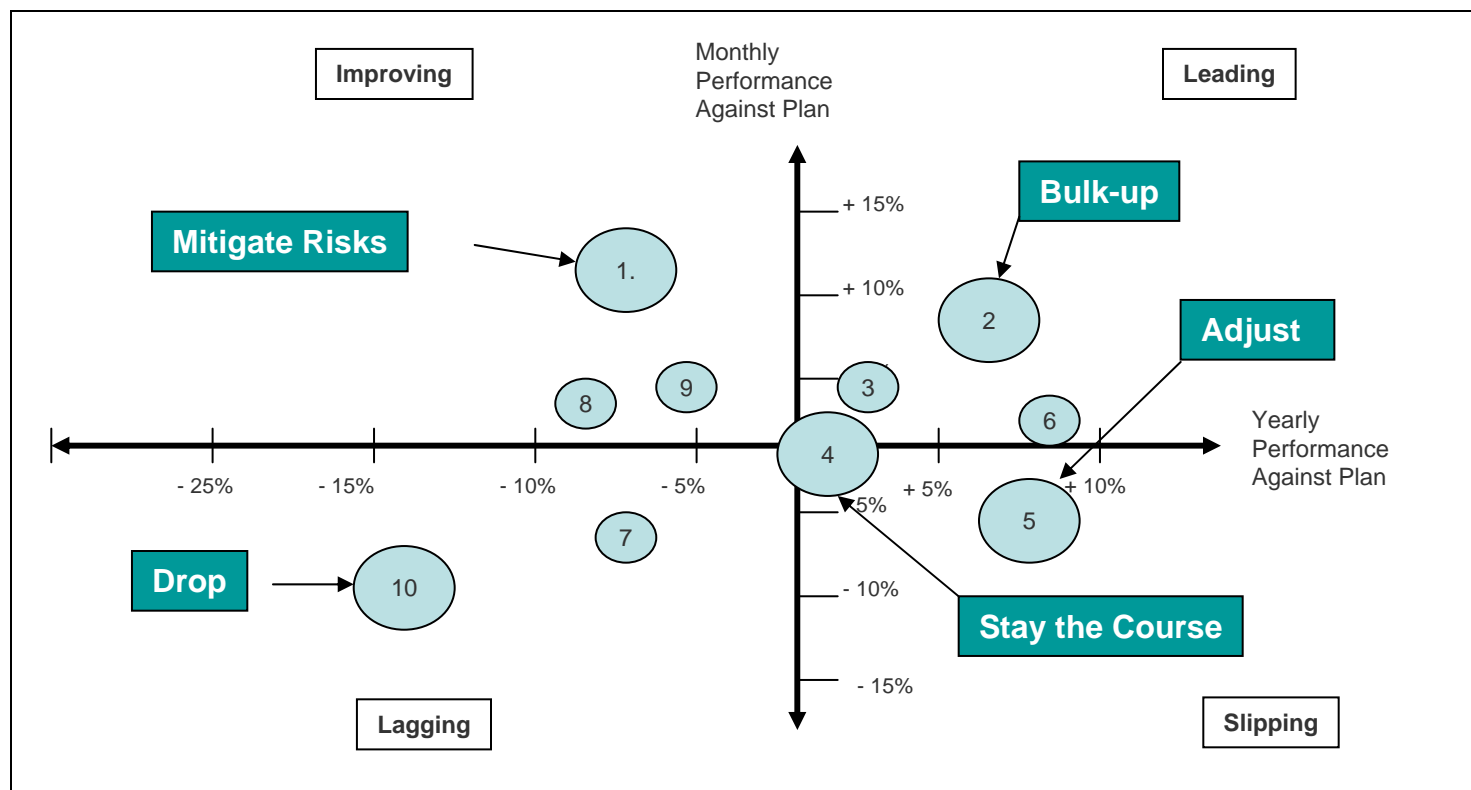
Portfolio Monitoring

- Initiated monthly tracking
- Quickly identify under performance
- Diagnose and adjust as appropriate



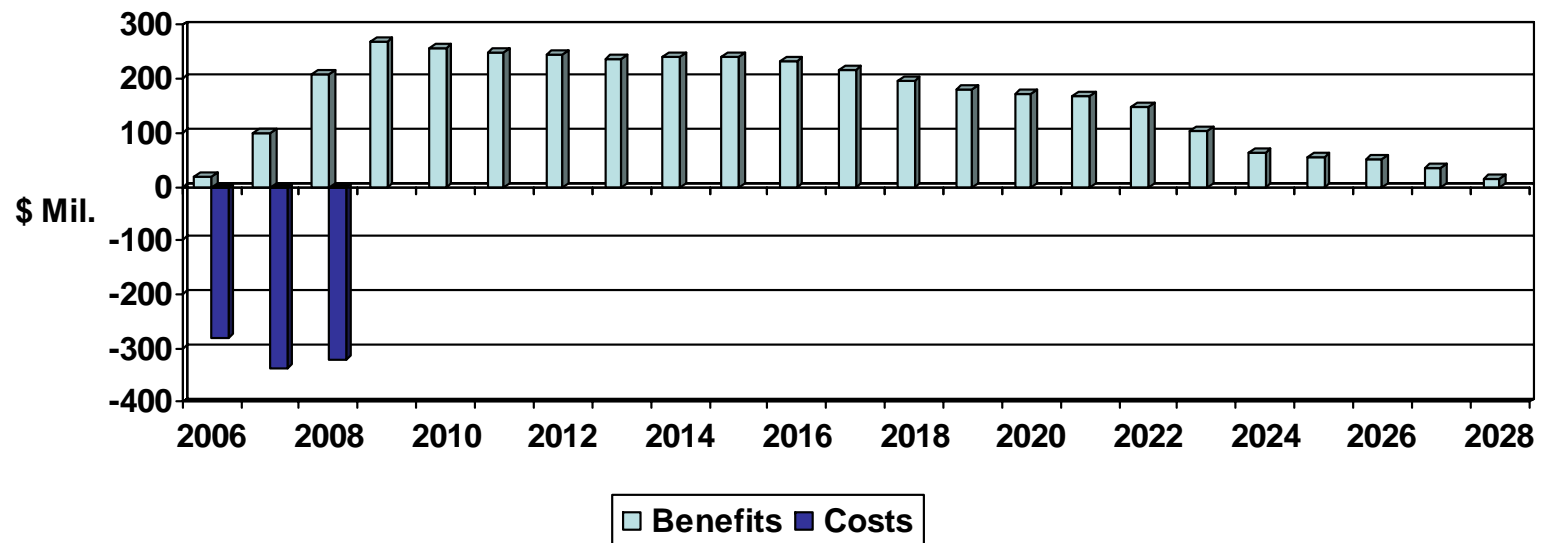
Illustrative Portfolio Management Approach

- All portions of the portfolio will be reviewed and decisions made depending on the specific situations





Ratepayer Benefits and Costs



For the 3-year cycle, benefits continue to 2028

The present value of all benefits is \$1.9 billion

Authorized funding during 2006-2008 totals \$942 million



Air Quality Improvements

- The lifecycle energy savings cut
 - Carbon emissions by 23 million tons
 - NOx emissions by 8 million tons
- Carbon emissions reduced are equivalent to **384 thousand cars**
- Improved air quality
- Reduced global warming risk



Selected Highlights

- Integration
 - Integrate to raise customer responsiveness
 - Integrate at the back office to raise efficiency
- Water
 - Want to help CPUC establish policy foundation
 - Actively seeking to incorporate embedded energy savings
 - Expand cooperation with water agencies
- Innovative Delivery Channels
 - Small Business Financing pilot starting this summer
 - Expanding implementation of HVAC quality installation
 - Enhanced on-line tools for savings estimates, rebate application